

October 23, 2002

CRYSTAL LAKE WOMAN PLEADS GUILTY TO FEDERAL FRAUD CHARGES

ROCKFORD -- PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, and JOSEPH A. PIRONE, Acting Postal Inspector-in-Charge of the Chicago Office of the United States Postal Inspection Service, today made the following announcement:

ELICE C. NOWAK, 40 (DOB: 9/16/62), of 963 Camelot Dr., Crystal Lake, Illinois, pleaded guilty today in federal court in Rockford, Illinois, to charges that she schemed to defraud several companies out of more than \$800,000. Nowak pleaded guilty to two counts of mail fraud.

In pleading guilty, Nowak admitted that she engaged in two separate fraudulent schemes. Concerning the first scheme, Nowak admitted that between July 1998 and February 1999, Nowak engaged in a scheme to defraud two financial companies out of more than \$800,000 by selling and attempting to sell fictitious structured annuities. A structured annuity is a legal agreement to make future specific payments to satisfy a past debt or obligation and is often used to pay a plaintiff's claim for damages arising from an accident. The financial companies defrauded by Nowak bought structured annuities from individuals who wished to sell their right to receive future payments in return for an immediate, reduced, lump-sum payment. Nowak admitted that she falsely represented to the financial companies that she had a structured annuity in her name that entitled her to a future payment of \$379,000, when in fact, it had been fabricated by Nowak. Nowak admitted that she fraudulently sold one fictitious policy to the financial companies, obtaining over \$348,000 by fraud. Nowak admitted that she used the illegally obtained funds to make personal purchases for herself, her family, and her friends, including the purchase of her residence, a Disney World Cruise for herself and her family, and a personal loan to a friend. Before the financial companies discovered her fraud, Nowak admitted that she further attempted to sell another fictitious structured annuity purportedly worth \$810,000 using the alias "Eli Duples" to the same companies. The companies did not purchase this second fictitious structured annuity when they became suspicious that "Eli Duples" was actually the defendant using an alias.

Nowak further admitted to engaging in a second scheme in which she falsely applied for and obtained disability benefits from an insurance company between 1998 and 1999 by falsely claiming that she was disabled due to ongoing treatment for cancer. Nowak admitted that she obtained these benefits by providing false and fraudulent physician statements to the insurance company. Nowak admitted that the statements were false in that she did not have cancer, she was not receiving any such treatment, and the physicians listed on the statements did not exist. Nowak admitted to obtaining \$11,460 as a result of this second scheme.

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Nowak will be sentenced by United States District Judge Philip G. Reinhard in the United States District Court in Rockford, Illinois, on January 21, 2003, at 2:30 p.m. Each count to which Nowak pleaded guilty carries a potential penalty of up to five years of imprisonment and a fine of up to \$250,000, in addition to any restitution ordered by the court. The actual sentenced will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case was investigated by the Chicago Office of the United States Postal Inspection Service. The case is being prosecuted in federal court by Assistant United States Attorney Daniel L. Olson.

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